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C O N F I D E N T I A L SECTION 01 OF 03 QUITO 001100

SIPDIS

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SUBJECT: ECUADOR: DEMOCRATIC DOCTOR IN THE HOUSE?

REF: QUITO 1058

Classified By: Charge d'Affaires a.i., Arnold A. Chacon, for reasons 1.
4 (b&d).

1. (C) Summary: The political scene is coming alive with voices, new and old, providing different prescriptions for Ecuador's democratic ills. Congress on May 11 ejected four more of its members, tossing due process to the wind in the face of threatened protests on May 12. As the first test of popular sentiment and activism since ex-president Gutierrez was summarily dismissed by Congress on April 20 the May 12 protest proved underwhelming, with media reporting only 1,000 taking to the streets. By all accounts these protesters comprise an extremist subset of those who demanded Gutierrez' ouster. Their demands are anti-democratic and hyper-nationalistic: Congress should be dissolved; an FTA with the US rejected, US use of an air base in Manta denied, and any involvement with Plan Colombia scrapped. The GOE, though intimidated and weak, is unlikely to crumble in the face of this opening protest salvo. Without further progress toward political reform, however, the protests could grow. A continuing OAS role could help keep reforms on track. End Summary.

Congress Intimidated by Protests

2. (SBU) In the face of new protests threatened for the evening of May 12 (SepTel), Congress has taken several recent actions to convey a new sense of purpose. On May 11, it voted to expel four of its members accused of participating in a late-night binge/orgy while in Lima for trade talks (RefTel). In doing so, it ignored procedural rules, citing national urgency. The four deputies will be replaced by their alternates. Congress also announced a new process to dismiss 10 other deputies on various ethics charges (all of whom collaborated with pro-Gutierrez forces). On May 11 and 12, Congress debated but did not vote on President Palacio's partial veto of the Supreme Court bill. PSC deputy Luis Fernando Torres proposed that Congress vote separately on the issue of reducing the size of the court from 31 to 16 magistrates, signaling a possible override effort on that point alone. Torres told PolOffs on May 10 he thought the veto would ultimately be approved. On other pending congressional issues, he said TIP and money-laundering legislation would continue to move through Congress. He also speculated that the Palacio government would never be strong enough to sign an FTA with the U.S.

Conspiracy Theories Validated

3. (C) Torres told PolOffs that party leader Leon Febres Cordero had been plotting ex-president Gutierrez' downfall ever since his failed impeachment attempt in November. Torres disagreed that Gutierrez was brought down in a legislative coup, claiming that Congress' decision to dismiss Gutierrez came after the military high command decided to withdraw its support from Gutierrez' government. That decision was taken early on April 20, he claimed. According to Torres, members of the rightist National Democratic Alliance (ADN) met with Congressional leaders including Torres on April 19, urging Gutierrez' dismissal. The ADN is an ad-hoc pressure group which then included Government Minister Gandara and Energy Minister Cordovez. It was created to bring together various groups which sought the removal of Gutierrez after Quito Mayor Paco Moncayo had rejected their tactics and expelled them from the Assembly of Quito. Moncayo colorfully defended his action to us, labeling the ADN group as "Fascist coup-plotters" ("golpistas").

4. (C) In addition to meeting with Congress, according to Torres, the ADN had extensive contact with then-Vice President Palacio, who rewarded several of their leaders with Cabinet positions after taking office. Most prominent were the appointments of Government Minister Mauricio Gandara and Energy Minister Fausto Cordovez.

5. (C) In a public address on May 11, former president Oswaldo Hurtado agreed that conspiracy was one of several factors contributing to the collapse of the Gutierrez government, including:

-- Congressional disrespect for the constitution;

-- the decision of the military high command, at the request of opposition political leaders, to withdraw their support for the government ("the dagger that ended the bullfight");
-- the circle around Vice President Palacio conspiring to take power;
-- Gutierrez' own combative and unconstitutional actions; and,
-- Latent racism against Gutierrez' humble mestizo roots.
Presidential Prescriptions Vary

16. (C) In addition to positions in his government, President Palacio has offered other palliatives to demanding "forajido" critics. On May 10, Palacio assigned Vice President Serrano to organize national roundtable discussions intended to generate ideas for possible inclusion in a future national referendum, in collaboration with civil society leaders from the forajido movement. In doing so, he reportedly agreed to discuss possible inclusion in such a referendum of a call for a constituent assembly (which would automatically dissolve congress and his government).

17. (U) Former president Hurtado, for his part, lamented the damage done to Ecuador's international reputation and expressed concern about the populist tone of the Palacio government's economic policies. He expressed hope that Ecuadorians would strengthen Ecuador's democratic institutions, rather than seek undemocratic alternatives. Election reforms should strengthen larger parties by reducing proportional representation. Political parties must be purged from their absolute control over the Supreme Electoral Tribunal. (On May 5, Congress swore in a new Supreme Electoral Tribunal, shifting the political balance there by replacing Gutierrez' Patriotic Society Party representative with one from Pachakutik, and naming the PSC representative as president.) Hurtado also expressed hope that "new political blood" represented by Quito's more "virtuous" protest leaders, would enter electoral politics to pursue their reform agenda.

18. (C) Quito Mayor and presidential aspirant Paco Moncayo seemed downbeat in a meeting on May 9. Moncayo, who has kept a low public profile since publicly calling on the police and military to support anti-Gutierrez protests, referred to the "tiresome" grind of politics, and only perked up when defending his own virtues (not corrupt, not beholden, etc.). Moncayo blamed Gutierrez for being a victim of "self-inflicted wounds." Were it not for Gutierrez' flagrant violations of the constitution, there was "no way he should have fallen," having survived past the halfway mark. Moncayo also blamed Gutierrez for politicizing the military, at heavy cost. "It will take the military 20 years to recover the prestige it enjoyed when I left it," he said. About his own role in Gutierrez' downfall, Moncayo chose to emphasize his efforts to restrain radical elements in the Quito Assembly. He claimed not to be tarnished by his actions; as of last week, private polls showed no dip in his popularity (which remained at 80%, he claimed).

19. (C) Like Hurtado, Moncayo expressed hope that the Palacio government would focus on what is necessary to strengthen democracy during its abbreviated term. A constituent assembly would be uncontrollable and silly, especially if politicians were barred, as some would have it. A new constitution would not be the answer. Instead, political reforms are desperately needed to make parties more accountable and constrain the influence of powerful elites. Those reforms should include strengthening judicial independence (he favors the presidential veto), electoral law and political party reforms to increase transparency, and decentralization. Moncayo said he was in touch with Palacio and would meet with MinGov Gandara shortly, to emphasize these points.

11. (C) Vinicio Baquero, president of the government-supported National Higher Education Council (CONESUP), rejected the media's characterization of the ADN as a political group, saying the membership is diverse (in addition to CONESUP it includes the major labor union federation, and several citizens groups). ADN provides a forum to join forces to press the government for overdue reforms. With Gutierrez now gone, the ADN and other like-minded "forajidos" seek to maintain popular pressure on the government to implement political reforms. These reforms could include a change in the executive/legislative branch relationship through the creation of a prime ministership responsible to Congress. Baquero said the May 12 protests outside Congress, would "take the pulse" of citizen pressure for more structural change. Other academic leaders of the anti-Gutierrez protest movement have told us they will not support any protests seeking to dissolve Congress.

Comment

12. (C) With the new government in place but struggling for focus, political speculation and debate is noticeably

shifting from who comprises the new government toward what kind of democratic reform is necessary. As always, there is no shortage of prescriptions. Only the most extreme are calling for a new constitution and early elections. To protect itself, the GOE is offering a national dialogue and referendum to put priority issues to the people. Acutely sensing its own vulnerability, Congress is likely to facilitate the referendum process. A positive outcome would include reforms which support stability by increasing government accountability. A worst-case scenario for USG interests would be a GOE sell-out to populist and nationalist impulses. An ongoing OAS role could help tip the balance in favor of responsible reform by providing political cover for the Palacio government to do the right thing.

CHACON